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C O N F I D E N T I A L SECTION 01 OF 02 MANAMA 000883

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TAGS: [ENRG](#) [PGOV](#) [PINR](#) [PREL](#) [IR](#) [BA](#)

SUBJECT: BAHRAIN'S LEADERS VOICE THEIR CONCERNS FOR THE  
FUTURE

REF: A) MANAMA 827 B) MANAMA 790 C) MANANA 666

Classified By: AMBASSADOR ADAM ERELI FOR REASONS 1.4 (B) AND (D).

11. (C) Summary: In three days of courtesy calls with Bahrain,s senior leadership following the Ambassador,s presentation of credentials, we have noted a striking consistency of views on the challenges facing Bahrain:

--- The bilateral relationship is strong, cemented by a feeling of personal friendship on the part of the King towards the President.

--- Improved education and increased employment are needed to counter the dangers of a restive youth population and sectarianism.

--- Limited energy resources constrain economic growth and job creation

--- Iran is Bahrain,s greatest external threat and close security cooperation with the U.S. is a strategic priority.

While many of these ideas are not new, the fact that we,ve heard them repeated emphatically and independently over such a short period provides a useful snapshot of senior leadership thinking. End Summary.

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A Strong Partnership  
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12. (C) Over the course of three days, the Ambassador had a twenty-minute audience with King Hamad bin Issa and the Foreign Minister to present credentials, as well as courtesy calls with the Prime Minister, Crown Prince (for over one hour), two Deputy Prime Ministers, Minister of Industry and Commerce and Undersecretary for Foreign Affairs. They articulated, albeit in different ways and with different emphasis, a strikingly similar view of Bahrain,s challenges and priorities. They clearly attach great importance to Bahrain,s relationship with the United States. (The scramble by so many senior officials to see the new U.S. Ambassador so quickly demonstrates their solicitude.) King Hamad said we have no better friend in the region than Bahrain. All pointed to the U.S. naval presence, Bahrain,s status as a major non-NATO ally and the FTA as welcome indicators of a strong and dynamic partnership. Further enhancing this generally positive tone were King Hamad,s warm personal feelings for President Bush: &He is a good man,8 the King

said, &whom I admire very much.<sup>8</sup>

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#### Political Stability, Education and Economic Growth

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¶3. (C) Bahrain,s leaders recognize that dissatisfaction among the country,s youth demographic is potentially destabilizing; they are trying to figure out what to do about it. They see both Sunni and Shia dimensions to this problem. Sunni youth is susceptible to the appeal of jihad and religious extremism, as represented by, for example, those Bahrainis sent to Guantanamo, the Bahrain Six and the extremists arrested in August, 2007 (Ref. B). For Shia youth, (as well as a much broader cross-section of Shia in Bahrain) a sense of dispossession, discrimination and repression is seen as fuel for potential political violence.

¶4. (C) Among the remedies most frequently cited were education and employment: provide them the skills and the jobs needed to be productive members of society. The Crown Prince spoke passionately (but with little detail) about plans to establish under his authority a new Royal Institute for Human Development. Bahrain,s Free Trade Agreement with the U.S., while not necessarily a panacea, was viewed as an important stimulant to investment and economic growth. The Minister of Industry and Commerce was particularly keen on translating the agreement into expanded economic activity.

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#### The Energy Crunch

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¶5. (c) The Minister of Industry and Commerce was emphatic: &Lack of energy is preventing us from building more factories and providing more electricity. Major projects are being put on hold right now because we don,t have the gas we need.<sup>8</sup> From the King on down, Bahrain,s leaders were obsessed with the energy issue in general and Saudi Arabia's refusal to consider joint exploration of the Abu Safa field (which Bahrain shares with Saudi Arabia), in particular (Ref A). Bahrain,s economy has become dependent over the years on oil and gas provided at below-market prices, but Bahrain,s own supplies are running out. Without additional supplies of cheap natural gas, Bahrain,s plans for economic growth will go nowhere, and stagnation has potentially dire political consequences. The GOB has approached its friends (Saudi Arabia and Qatar), but so far come up empty-handed. Iran, for all the problems it presents, has the gas Bahrain needs ) and the political and economic incentives to make a deal. Depending on how desperate Bahrain,s situation becomes, one wonders whether signing a gas deal with Iran is really as unlikely as Bahrain,s leaders profess it to be.

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#### Iran and Regional Security

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¶6. (c) Bahrain,s leaders see Iran as the greatest threat to regional security. The Crown Prince was especially vocal on the need to confront Iran in Iraq: &You should hit them there through their surrogates, and hit them hard.<sup>8</sup> The

senior leadership says it is convinced that Iran actively foments internal unrest within Bahrain. Again, according to the Crown Prince, charities and other entities acting on behalf of Iran are trying to support schools, mosques and hospitals throughout the island. &We are preventing this, of course,8 he added.

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Comment  
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17. (c) Energy was clearly the most pressing issue on the minds of the senior leadership. King Hamad and the Minister for Industry and Commerce made explicit requests for the USG to use our influence on their behalf with Saudi Arabia and Qatar. (We of course offered no encouragement on this score.) That these requests were presented so emphatically and immediately upon the Ambassador,s arrival in country is indicative of the urgency with which they view the matter.

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